

Message Text

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FOLLOWING TEL SENT ACTION SECSTATE INFO LONDON, EC BRUSSELS,
GENEVA, MTN GENEVA FROM TOKYO OCT 27:

QUOTE LIMITED OFFICIAL USE TOKYO 15972

E.O. 11652: N/A
TAGS: ETRD, JA, EEC
SUBJECT: RESTRAINTS ON STEEL EXPORTS FROM JAPAN

REF: TOKYO 15887

SUMMARY: JAPAN IRON AND STEEL FEDERATION CHAIRMAN INAYAMA
HAS STATED THAT THE STEEL INDUSTRY IS WILLING NOT ONLY TO
CONTINUE ITS PRESENT VOLUNTARY RESTRAINT AGREEMENT WITH THE
EC BUT ENTER INTO A SIMILAR AGREEMENT WITH THE U.S. MITT'S
VIEW OF THE NECESSITY OF THE EC AGREEMENT IS STILL UNCLEAR
AND IT HAS NO PRESENT INTENTION OF CONCLUDING A FORMAL AGREEMENT
WITH THE US ON THIS MATTER. END SUMMARY.

1. AT PRESS CONFERENCE ON OCT. 18, JAPAN IRON AND STEEL
FEDERATION CHAIRMAN INAYAMA STATED THAT VOLUNTARY RESTRIC-
TIONS ON STEEL EXPORTS TO THE EC ARE BENEFICIAL FOR BOTH
SIDES AND OUGHT TO BE CONTINUED. INAYAMA FELT THAT UNLESS
THERE IS A DEMAND THAT THE PRESENT QUOTA CEILING
(1.22 MILLION METRIC TONS) BE FURTHER COMPRESSED, THE
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JAPANESE STEEL INDUSTRY WOULD AGREE TO AN EXTENSION

OF PRESENT JAPAN-EC RESTRAINTS. INAYAMA THEN ADDED THAT THE JAPANESE INDUSTRY COULD ACCEPT EXPORT RESTRICTIONS TO THE US IF OFFICIAL US-JAPAN DISCUSSIONS SHOWED THEM TO BE NECESSARY.

2. ON OCT. 21, A MITI SPOKESMAN ANNOUNCED THAT AN OFFICIAL AGREEMENT CONCERNING JAPANESE STEEL EXPORTS TO THE US IS NOT NECESSARY, AND SAID THAT THE GOJ HAS NO INTENTION OF CONCLUDING ONE. SUCH AN ACTION WOULD SUGGEST A RETREAT TO THE "SECTORAL APPROACH" THAT MITI OPPOSES AND STILL FEELS TO BE "COMPLETELY USELESS".

3. TURNING TO THE EC, MITI SAID THAT THE NECESSITY OF CONTINUING THE PRESENT VOLUNTARY RESTRAINT AGREEMENT COULD NOT BE DETERMINED UNTIL THE DETAILS OF THE PROBLEM HAD BEEN THOROUGHLY STUDIED AND DISCUSSED WITH THE EC AT THEIR SCHEDULED NOV. 11-12 MEETINGS IN BRUSSELS. PRESS REPORTS (NIHON KEIZAI AND TEKKO SHIMBUN) INDICATED A "STRONG FEELING" IN MITI THAT THE CARTEL PRESENTLY GOVERNING EXPORTS TO THE EC CAN NOW BE ABANDONED, AND THAT POSSIBLE ABUSES OF VOLUNTARY RESTRAINTS BY SMALLER JAPANESE STEEL COMPANIES CAN BE CONTROLLED THROUGH ADMINISTRATIVE GUIDANCE.

4. COMMENT: INAYAMA PLAYED A LEADING ROLE IN EARLIER VRA NEGOTIATIONS AND WE FEEL THAT HIS STATEMENT CAN BE TAKEN AS REPRESENTING INDUSTRY (AT LEAST THE BIG SIX PRODUCERS) SENTIMENT ON VOLUNTARY RESTRICTIONS. MITI CONTACTS INDICATE THAT PRESS ATTEMPTS TO DESCRIBE MITI AND INDUSTRY AS BEING IN CLEAR OPPOSITION OVER VOLUNTARY RESTRAINT OF STEEL EXPORTS TO THE EC ARE OVERDRAWN; MITI SIMPLY DOES NOT YET HAVE A FIRM POSITION ON WHETHER A CARTEL IS STILL NECESSARY. HODGSON UNQUOTE KISSINGER

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